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As I see

TAXABLE PROPERTY VALUES IN THE UNITED STATES

THE total market value of all locally assessed taxable real property in 1956 was $698.1 billion. This included all taxable real property that was subject to local assessment for general property taxation. Personal property and property legally subject to valuation by a State agency, rather than by local assessors, were excluded. The latter often includes such properties as public utilities and railroads -- less than 10 percent of the total assessed value of real property. Also excluded was tax-exempt property such as schools, churches, and government buildings. These figures were computed by the Bureau of the Census on the basis of total assessed valuation and the ratio of assessed value to the market value of real property. In 1922 the total taxable real property was valued at $155.9 billion; in 1930 it was $164.8 billion; and in 1937 it was $144.6 billion. About 33 percent of the increase in real taxable property value from 1922 to 1956 can be explained by the increase in real estate prices.

The Bureau of the Census made a survey in 1957 of sales of real estate, which were arm's length transactions, and the assessed value of the same property. From these data they established assessment ratios for each State for different uses of property. They also established ratios for counties for residential property, but not for any other kind of use, since the sample was too small for this purpose. On a State-by-State comparison nonfarm residential real estate was assessed as low as 6 percent of market value in South Carolina in 1956, while nonfarm residential real estate was assessed at 62 percent of market value in Rhode Island. Farms and acreage tended to be assessed at a lower ratio, from 7 percent of market value in Montana to 50 percent of market value in Rhode Island. Vacant land was assessed at a ratio of 11 percent of market value in Arizona, but at 58 percent of market value in Rhode Island. Commercial and industrial real estate was assessed at 11 percent of market value in Arkansas, while this kind of real estate was assessed at 88 percent of market value in Rhode Island.

The ratio of assessed value to market value does not, of course, indicate the property tax load carried by the taxpayers of a State. To determine this, the tax rate is needed. As an example, I have put together the ratio of assessed value to market value and the 1956 tax rate from the Roy Wenzlick Survey of that year for each of the areas of our survey. The five cities with the highest tax load and the five with the lowest tax load were as follows:

RESIDENTIAL REAL ESTATE, 1956

City Five Highest	Tax Rate*	Median Assessment Ratio	Effective Tax Rate*
Duluth, Minn.	$190.25	.202	$38.43
Somerville, Mass.	69.90	.500	34.95
Cambridge, Mass.	54.60	.558	30.47
Boston, Mass.	78.70	.384	30.22
Lowell, Mass.	59.80	.496	29.66
Five Lowest			
Houston, Texas	52.72	.179	9.44
Birmingham, Ala.	36.00	.248	8.93
Seattle, Wash.	65.14	.134	8.73
Toledo, Ohio	21.50	.377	8.11
Columbus, Ohio	21.40	.354	7.58

*Tax rate is dollars of tax per $1,000 assessed value. Effective tax rate is dollars of tax per $1,000 of market value.

It was from assessment ratios that the Bureau of the Census estimated the market value of the locally assessed real property of the United States. This was the same way that earlier estimates of taxable property value were made, except that in the earlier years the ratio of assessed value to market value was based on opinions of assessors and others. In some States the law reads that property is to be assessed at 100 percent of value, but this survey does not reveal any cases where it is actually done that way. Using the various averages of the assessment ratios for each State, the Census arrived at several estimates for the United States and for each of the States and the District of Columbia. The estimates of taxable property value for the United States ranged from $664 billion to $718 billion. The simple sales-based ratio seems to give as good results as any. This is the ratio of total assessed value of sold properties to the aggregate of their sales prices. This method resulted in the $698.1 billion value mentioned in the first paragraph.

This represents the base of the general property tax which provides almost 86 percent of the tax revenue which local governments -- cities, counties, school districts, and other special districts -- collect. This $700 billion of real estate produced about $10 billion in revenue, that is, 1.4 percent of the market value, and 10 percent of all tax revenue collected by Federal, State, or local governments. Opposite is a table showing the distribution of taxable real property value by State and the estimated taxes collected from this source. Since the general property tax revenue lumps receipts from personal and real property together, we have had to make an estimate of the revenue from real property only. We took the ratio of assessed real property value to total assessed property value, and applied this ratio to the revenue from the general property tax. Admitting that the method is crude and gives only approximate

STATE DISTRIBUTION OF TAXABLE REAL PROPERTY VALUES AND REVENUE FROM REAL PROPERTY TAX IN THE UNITED STATES

State	Revenue from General Property Tax Attributable to Real Property (in thousands) 1957	Market Value Taxable Real Property (in billions) 1956	Ratio of Annual Real Property Tax to Market Value (percent)
Alabama	$ 36,235	$ 6.8	.5
Arizona	42,063	3.5	1.2
Arkansas	30,042	4.7	.6
California	1,190,360	86.2	1.4
Colorado	108,149	8.0	1.4
Connecticut	170,995	11.5	1.5
Delaware	13,327	1.9	.7
District of Columbia	44,323	4.0	1.1
Florida	180,750	19.7	.9
Georgia	75,595	8.0	.9
Idaho	36,933	3.2	1.2
Illinois	716,031	51.7	1.4
Indiana	205,914	18.8	1.1
Iowa	192,454	15.2	1.3
Kansas	134,276	10.9	1.2
Kentucky	85,178	7.8	1.1
Louisiana	59,746	8.6	.7
Maine	51,371	2.6	2.0
Maryland	177,567	10.3	1.7
Massachusetts	489,767	18.3	2.7
Michigan	427,323	34.0	1.3
Minnesota	236,546	13.6	1.7
Mississippi	32,275	3.9	.8
Missouri	176,672	16.8	1.0
Montana	39,728	3.2	1.2
Nebraska	86,051	7.3	1.2
Nevada	14,867	1.5	1.0
New Hampshire	44,941	2.3	2.0
New Jersey	546,881	24.4	2.2
New Mexico	19,947	2.5	.8
New York	1,772,549	65.7	2.7
North Carolina	82,230	11.5	.7
North Dakota	40,180	2.7	1.5
Ohio	451,899	39.4	1.1
Oklahoma	72,768	7.3	1.0
Oregon	115,651	7.4	1.6
Pennsylvania	570,889	37.0	1.5
Rhode Island	49,891	2.7	1.8
South Carolina	23,942	4.6	.5
South Dakota	45,786	3.2	1.4
Tennessee	103,964	7.8	1.3
Texas	405,989	46.8	.9
Utah	40,643	3.3	1.2
Vermont	24,210	1.2	2.0
Virginia	108,070	12.8	.8
Washington	99,469	12.0	.8
West Virginia	28,902	4.6	.6
Wisconsin	284,223	15.5	1.8
Wyoming	15,098	1.4	1.1
UNITED STATES	$10,002,660	$698.1	1.4

results, it is still valid.

This table shows that although California local communities have more taxable real property value than New York communities, California puts less burden on the real property. Only 1.4 percent of the market value of its real property is taken in taxes, while in New York State 2.7 percent of the market value of real property is taken in taxes by the local communities. It is to be understood that the table represents averages for States, and that many local communities are above these figures and many are below them. Over half of the States show their local communities to be taxing real property at more than one percent of its market value. Richard T. Ely, in a survey of American taxation in 1888, realized that local communities needed the real estate tax for revenue, but he added that "it ought not in any American city to exceed one percent of the true selling value of the property."

ROY WENZLICK